

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF AMERISTATE OIL & GAS, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 12330

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OIL CONSERVATION DIV

APPLICATION

AMERISTATE OIL & GAS, INC. ("Ameristate"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Mississippian formation, under the following acreage in Section 13, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico:

- A. the E/2 to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent which presently include but are not necessarily limited to the Undesignated South Shoe Bar-Mississippian Gas Pool;
- B. the NE/4 to form a standard 160-acre spacing and proration unit for formations and/or pools developed on 160-acre spacing within that vertical extent;
- C. the N/2 NE/4 to form a standard 80-acre spacing and proration unit for formations and/or pools developed on 80-acre spacing within that vertical extent; and
- D. the NE/4 NE/4 to form a standard 40-acre gas spacing and proration unit for

formations and/or pools developed on 40-acre spacing within that vertical extent which presently includes but is not limited to the Undesignated West Lovington-Upper San Andres Pool, the Undesignated Vacuum Grayburg-San Andres Pool, and the Undesignated Vacuum Abo Reef Pool.

Said spacing and proration units are to be dedicated to a well to be drilled at standard location in said Section 13, and in support of its application states:

1. Ameristate is a working interest owner in the E/2 said Section 13 and has the right to drill thereon.
2. Ameristate proposes to dedicate the above-referenced spacing or proration units to its State 13 Well No. 1 to be drilled at a standard location in the NE/4 NE/4 of said Section 13, to the top of the Mississippian formation or to an approximate depth of 12,900 feet, whichever is lesser, to test any and all formations within this pooled interval.
3. Ameristate has sought and been unable to obtain voluntary agreement for the development of these spacing and proration units from certain interest owners in the E/2 of said Section 13.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Ameristate Oil & Gas, Inc. should be designated the operator of the well to be drilled.

WHEREFORE, Ameristate Oil & gas, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 20, 1999 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating Ameristate operator of these spacing and proration units, and authorizing Ameristate to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, imposing a risk factor for the risk assumed by Ameristate in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

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ATTORNEYS FOR AMERISTATE
OIL & GAS, INC.

CASE 12330

Application of Ameristate Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the top of the Mississippian formation or 12, 900 feet, whichever is lesser, in the E/2 for all formations developed on 320-acre spacing including but not limited to the Undesignated South Shoe Bar-Mississippian Gas Pool, the NE/4 for all formations developed on 160-acre spacing, the N/2 NE/4 for all formations developed on 80-acre spacing, and the NE/4 NE/4 for all formations developed on 40-acre spacing including but not limited to the Undesignated West Lovington-Upper San Andres Pool, the Undesignated Vacuum Grayburg-San Andres Pool, and the Undesignated Vacuum Abo Reef Pool, all in Section 13, Township 17 South, Range 35 East, NMPM. Applicant proposes to dedicate these pooled units to its State 13 Well No. 1 to be drilled at a standard gas well in the NE/4 NE/4 of said Section 13. Also to be considered will the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately ___ miles _____ of _____, New Mexico.